

~~CONFIDENTIAL~~DDI-1350-69
CD/9 2027

13 May 1969

DD/33M/193469

MEMORANDUM FOR: Office of Legislative Counsel

SUBJECT : Export Expansion and Regulation Act of 1969,
S.1940


1. This is responsive to your request for OER's views on the effect of S.1940 on Agency activities.
2. CIA is involved in intelligence support of two major export control programs: the US unilateral export control system administered by the Department of Commerce under the provisions of the Export Control Act of 1949; and the multilateral export control program administered by the Department of State under the authority of the Battle Act.
3. The responsibility of CIA is limited almost exclusively to intelligence back-up. The focal point for CIA support is the Office of Economic Research (OER). Most of CIA's support for the control programs is provided by OER specialists, but significant contributions are also made by analysts in OSI, FMSAC, and CRS. Very largely, the requests for intelligence support relate to specific commodities for which license applications have been filed. Communist countries' supply position, use pattern, comparability of US or Western-origin goods, the significance (military/strategic or economic) of denial or approval, and activity of the consignee are typical matters covered. In addition, CIA provides information on illicit shipments and suspected violations of export controls.
4. The intent of S.1940, specifically Section 4 (c), lines 10-18, seems to be to pare down the two major export control programs now in existence by much more narrowly defining the eligibility criteria. The bill could reduce the controlled items almost entirely to a few on the munitions and atomic energy lists. Most of the items now on the unilateral and multilateral control lists have both civil and military uses. S.1940 would place the burden of proof on US Government agencies to demonstrate that a particular item would be used for military purposes if exported. More importantly, proving that "similar" goods or technology are not readily available from other sources would be impossible, as a general proposition. US unilateral export controls are now far more

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restrictive than the multilateral controls and those of any other country participating in the multilateral program. The reduction of US controls largely to military goods would almost certainly be quickly followed by a similar reduction of multilateral controls by other nations.

5. Under S.1940, the Agency can continue to provide the necessary intelligence support to the Departments -- primarily State and Commerce -- charged with the implementation of export control programs. If passed, the bill will moderately reduce the research support workload in the Agency. We do not now have sufficient information to determine how the actions proposed under the bill affect the clandestine programs of the DDP and DD/S&T.

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EDWARD L. ALLEN
Director
Economic Research

Attachment:
S.1940

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Remarks:			
<p>To 2: Per your request of 8 May 1969.</p> <p>Please note last sentence of para 5.</p>			
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